



**Blue Cross**

of Florida

P.O. Box 1798  
Jacksonville, Fla. 32231

A - J.W. HERBERT  
PRESIDENT

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U.S. MAIL DEC 1978

*Official Voice on Matters of*

*.... Plan Policies*

*.... Procedures*

*.... Benefits*

*.... Cost Containment*

Vol. 2, No. 12

December, 1978

## **President J. W. Herbert to Retire - New President Appointed**

Delaware Blue Cross and Blue Shield Plan President, William E. Flaherty, has been named the new president of Blue Cross and Blue Shield of Florida. He was president of the Delaware Plan for three and a half years and a former Executive Vice President of Blue Cross of Michigan.

He will succeed J. W. Herbert, president of the Florida Plans since 1970, who will be retiring after 33 years total service with Blue Cross and Blue Shield Plans in Florida and Chicago. Mr. Flaherty will assume the presidency of the Florida Plans on January 15, 1979.

Mr. Flaherty began his career in business research with the J. E. Hudson Division of Dayton-Hudson Corporation. He was later involved in sales forecasting with Chrysler Corporation, and in 1961 he joined Blue Shield of Michigan as Manager of Marketing Research. The following year he joined Blue Cross of Michigan as Sales Manager for district offices, and later was promoted successively to General Sales Manager, Director of Corporate Planning and Employee Relations, and Vice President, Administration. He then moved to the presidency of the Delaware Blue Cross and Blue Shield Plan in March, 1975.

Married and the father of five children, Mr. Flaherty received a B.A. degree and has taken extensive graduate work in Economics at Wayne State University. He also has worked with the Industrial Relations Center of the University of Chicago since 1963 in the areas of management and organization development.

His community activities in Delaware included the Wilmington Rotary Club, the United Way and the Statewide Health Coordinating Council. In Detroit, he was a member of the Boards of Red Cross, Wayne County Catholic Social Services, and Budget Review Committee of United Community Services, and Marygrove College.

## **New Texas Instrument Rental Agreement**

Since 1974, hospitals have been billed on a monthly basis for the Texas Instrument Terminal Rental Fee. Most hospitals have been very cooperative in promptly paying their obligation for these machines. On several occasions, hospitals have requested a less frequent billing cycle, due to the expense incurred in processing a monthly payment. Consequently, beginning January 1, 1979, Texas Instrument Rental Fees will be billed on a quarterly basis. The first quarterly billings will be mailed in December, 1978.

Fees will continue to be payable in advance. Any amount due and not paid before the next regular billing date will be deducted from claims payments due the facility from Blue Cross of Florida. The new agreements are being sent to each hospital, and should have been completed and returned no later than December 15, 1978. We hope this method of billing will prove more convenient and cost effective for all concerned.

### **ROUTE TO ATTENTION OF**

- ☐ Assistant Administrator
- ☐ Comptroller
- ☐ Business Manager
- ☐ Insurance Supervisor
- ☐ Other

## **Auto National Account Program Will Absorb New Increases in Medicare A Deductible and Co-Insurance**

In last month's issue of the Institutional ViewS newsletter we informed you that Blue Cross of Florida, due to current subscriber rates, would be unable to absorb the new Medicare A deductible & Coinsurance. This is still the policy except for the Auto National Accounts which, we have been informed, will absorb the new deductibles and co-insurance. Additionally, this month we are reproducing a centerfold depicting the new deductibles and co-insurance, which you may use for display purposes in your hospitals.



## Automatic Payment of Complementary Coverage And Other Blue Cross Contracts Supplement to Medicare

One of the unique services Blue Cross of Florida offers to its contracting facilities is the automatic (piggy-back) processing of Complementary Coverage benefits from the Medicare system. This eliminates duplication of effort and assists in expediting the claim processing time. However, if the system is not utilized properly, it will cause delays in processing time, delays in cash flow, and an increase in work for personnel.

Recently, a number of SSA1453 and 1483 (Medicare A) claim forms have been submitted to Blue Cross of Florida for payment of the deductible and co-insurance without the proper completion of Blocks **13 and 14** of the 1453 and blocks **10 and 11** of the 1483.

The following guidelines for submitting Complementary Coverage claims are being outlined for your convenience:

1. **A separate notice of admission** must be submitted for verification of benefits in these instances:
  - (a) When the patient is enrolled under the Blue Cross Federal Employee Program (FEP) and also has Medicare benefits.
  - (b) When the patient has Out-of-State Blue Cross Plan coverage as a supplement to Medicare benefits.
2. Notice of admission can be accomplished either by Texas Instrumental Terminal or by mail. Procedures are:
  - (a) Complete the information called for on the admission notice form or Texas Instrument format.
  - (b) Ensure that the proper Plan Code is used when transmitting a message. **Note:** You will have to send a separate transmittal to PC:"MED" for Medicare; and PC:"FED" for Federal or, for Out-of-State Plans, as an example, PC: "280" (the Plan Code).
3. In Block 13 of the 1453 SSA Form or Block 10 of the 1483 SSA Form (Insurance Organizations or State Agency), enter: Name and Address, such as BC/BS; Plan Code.

### Correct Examples

Item 13 or 10 — Blue Cross of N.Y. **303**  
" " " " " " " " Fla. **090**

### Incorrect Examples

Item 13 or 10 — Blue Cross of N.Y.  
" " " " " " " " Fla.

4. In Block 14 of the 1453 SSA Form or Block 11 of the 1483 SSA Form (Policy and/or Medical Assistance Number) enter the policy number:

### Correct Examples

Item 14 or 11 1010771105SC21  
" " " " 185100206

### Incorrect Examples

Item 14 or 11 (303) 1010771105SC21  
" " " " Fl. 185-01-1206-C

**(NOTE:** Both blocks 13 and 14 on the 1453 or 10 and 11 on the 1483, must be completed to ensure piggybacking or automatic processing of the Complementary Coverage benefits.)

5. When Blocks 13 and 14 or Blocks 10 and 11 are completed with all necessary information, and after Medicare has processed the claim a suspense file is created by the computer and forwarded to Blue Cross Complementary Coverage Dept. for processing of the Complimentary Coverage benefits.
6. **Blocks 19V, W, X, and Y** on the SSA 1453 claim form must also be completed to indicate deductible and co-insurance (and lifetime reserve if applicable.)
7. Any Out-of-State Blue Cross Plan supplemental coverage will be processed **only** if the Home Plan has approved. The same rule applies for Medicare beneficiaries who have Blue Cross Federal Employee Program (FEP) coverage.



**Blue Cross Complementary Coverage Contract Will Not Absorb The New Increases In Medicare A Deductible And Co-Insurance**

Recent announcements by the Social Security Administration, effective January 1, 1979 were:

**SPECIAL NOTE TO  
HOSPITALS:**  
Please Make This  
Available to Your Insurance  
And Billing Staff

**SPECIAL NOTE TO  
HOSPITALS:**  
Please Make This  
Available to Your Insurance  
And Billing Staff

- An increase in the inpatient hospital deductible from the present \$144.00 to **\$160.00.**
- An increase in the co-insurance for hospital confinement, from the 61st through the 90th day from the present \$36.00 to **\$40.00.**
- An increase in the daily co-insurance for the 91st through the 150th day (life-time reserve) from the present \$72.00 to **\$80.00.**
- An increase of \$2.00 in the current \$18.00 daily co-insurance for the 21st through the 100th day for SNF confinement of a Medicare patient. The new rate will be **\$20.00.**

At present Blue Cross, due to current subscriber rates, is unable to absorb this additional liability. Therefore, — until further notice — we will continue to provide only the current allowances for our Florida Blue Cross Complementary Coverage Type “C” contracts and are asking Providers to plan to collect any difference that may accrue with Medicare approvals for a benefit period beginning on and after 1/1/79.

These differences are shown in the table below:

New Rate	Blue Cross Pays	Due From Patient	Services Not Covered by Medicare
\$160.00	\$144.00	\$16.00	(A) Initial Inpatient deductible
\$ 40.00	\$ 36.00	\$ 4.00	(B) 61st through 90th daily co-insurance
\$ 80.00	\$ 72.00	\$ 8.00	(C) 91st through 150th life-time reserve
\$ 20.00	\$ 18.00	\$ 2.00	(D) 21st through 100th daily co-insurance

(For SNF Medicare Patients)

NOTE: The Auto National Account Program  
WILL cover the increase in the deductible &  
co-insurance.



## Cost Containment Activities

The new 1978 edition of the booklet, titled **Cost Containment Activities in Florida Hospitals**, has been completed and distributed to all Blue Cross Contracting Hospitals.

May we extend our appreciation to all who provided us with data on the effective cost-containment activities implemented at their hospitals.

Based on the twenty-three hospitals that reported various activities during the previous year, \$4,553,767 documented annual savings resulted. This figure excludes the South Florida Hospital Association's reported savings on their group purchasing program. That's an increase of \$2,619,605 over the 1977 edition of the booklet, which was based on fifteen hospitals reporting monetary savings.

As is evident, the hospital industry is demonstrating their concern for the rapid increase in hospital costs. The booklets have been one indicator of what is **actually** being done to ameliorate the situation. They have been well received and have been distributed to such places and organizations as — Florida Insurance Commissioner's office, Florida Hospital Association, American Hospital Association, Blue Cross Association, Hospital Financial Management Association, as well as numerous hospitals outside the state of Florida.

With the advent of the new year approaching rapidly, may we take this opportunity to petition your continued support and cooperation in sharing your cost-containment activities with us. Let's make the 1979 edition of **Cost Containment Activities in Florida Hospitals** an even larger reporting figure.

## Proper Submission of Diagnosis Codes ICD-9-CM HICDA-2, and ICDA-8

Hospitals, who submit paper claims, planning to continue use of HICDA-2 or ICDA-8 diagnosis codes after January 1, 1979 are urged to be sure to use the letter "H" or "I" to identify these codes since any codes submitted without H or I prefixes on and after January 1, 1979 will be assumed to be the new ICD-9-CM. However, hospitals who submit claims via the Texas Instrument Terminal will continue to submit only the applicable code, since the type code used by these hospitals is automatically determined.

## Annual Increase In The Consumer Price Index Figure For Hospital Service Charge

The annual increase in the Hospital and Other Medical Services Component subindex of the CPI for All Urban Consumers for the month of March, 1978, is **11%**. In order for rate increases to be presumed financially justified without in-depth analysis, the rate cannot exceed 80% of the applicable figure above, or **8.80%**. **(Please note that rate increase requests and required documentation must still be received by Blue Cross at least 60 days prior to the implementation and be based on the published CPI for the fourth month preceding the effective date.)**



## *Holiday Greetings*

On behalf of Blue Cross of Florida, Mel C. Snead, Vice President of Institutional Affairs, and the entire Institutional Affairs Staff would like to extend holiday greetings to all recipients of this Newsletter.

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### **Institutional Relations Representatives**

Should you have any questions regarding the information contained in this Newsletter, please contact your Local Institutional Relations Representative:

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Pensacola Area	George Peterson	(904) 434-6627
Ft. Lauderdale Area	Betty Kilpatrick	(305) 776-7670
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